

INDIVIDUAL ENTITY AUDIT REPORT

**NORTH CENTRAL DISTRICT
HEALTH DEPARTMENT (II)**

For the Fiscal Years Ended June 30, 2004 and 2005



Report OP95205

Presentation by the

LEGISLATIVE SERVICES OFFICE

SERVING IDAHO'S

CITIZEN LEGISLATURE

LEGISLATIVE SERVICES' MISSION STATEMENT

The mission of the Legislative Services Office is to provide efficient, nonpartisan support services to Idaho's citizen legislators, to carry out legislative policies so as to strengthen the legislature's management as a separate branch of government, and to assist the legislature in carrying out its constitutional responsibilities to the highest standards of integrity and professional excellence. (Approved by the Legislative Council, January 20, 1994.)

LEGISLATIVE AUDITS' CHARGE

Legislative Audits, a division of Legislative Services, is charged by the Legislative Council to provide a financial audit of the statewide annual financial report prepared by the State Controller, as required by Idaho Code, Section 67-429. In addition to special reports and requested studies, Legislative Audits produces three types of audit reports and two types of management reports (described below) for the Joint Finance-Appropriations Committee and other interested parties. These audits, reports, and studies, which vary in scope, provide information for oversight of State finances for the legislature, government entities, and the public, as well as satisfying federal audit requirements.

<u>DESCRIPTION</u>	<u>LEVEL OF SCRUTINY</u>
<i>COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)</i>	Our opinion as to the fairness of presentation of the annual statewide financial statements; a reference to our report on our consideration of the State's internal control over financial reporting; and our tests of its compliance with certain laws, regulations, contracts, and grant agreements is issued under separate cover in the statewide <i>Single Audit</i> .
<i>STATEWIDE SINGLE AUDIT REPORT</i>	Our opinion on the schedule of expenditures of federal awards in relation to the State's basic financial statements taken as a whole; a report on compliance and internal control over financial reporting based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i> ; a report on compliance with requirements applicable to each major program, and on internal control over compliance in accordance with <i>OMB Circular A-133 (Audits of States, Local Governments, and Non-Profit Organizations)</i> ; recommendations to improve the State's financial/accounting system; and recommendations and questioned costs related to federal awards. In addition, the report includes the State's basic financial statements and the related opinion thereon.
<i>INDIVIDUAL ENTITY AUDIT REPORT</i>	Our opinion on the fairness of presentation of the entity's financial statements; a report on compliance, and on internal control over financial reporting, based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i> ; and if applicable, a report on compliance with requirements of each major program, and on internal control over compliance in accordance with <i>OMB Circular A-133</i> .
<i>MANAGEMENT REPORT ON FINANCIAL PROCEDURES</i>	A report based on specific procedures applied to the financial segments material to the statewide financial statement and an internal control review of those financial segments not deemed material to the statewide financial statements, or an audit of a major federal grant. Findings and recommendations are included, if applicable, to improve policies, procedures, compliance, controls, and the entity's overall efficiency.
<i>MANAGEMENT REPORT ON INTERNAL CONTROL</i>	A cyclical report highlighting the entity's internal control with findings and recommendations, if applicable, to improve the system to prevent errors, omissions, misrepresentations, oversights, and fraud, thus protecting State resources.

FOREWORD

PURPOSE OF AUDIT REPORT

Our fiscal/compliance audit of the North Central District Health Department (II) was made to determine:

1. The adequacy and accuracy of the fiscal records and the reliability of the internal control system in order to issue an opinion on the fairness of the basic financial statements.
2. The degree of compliance with various State and federal requirements affecting the fiscal operations of the District.
3. The areas in the financial operations that could be improved.

SCOPE OF AUDIT

We examined the financial operations of the District for the fiscal years ended June 30, 2004 and 2005.

The audit was performed in accordance with auditing standards generally accepted in the United States of America and the fiscal/compliance section of the *Government Auditing Standards* published by the U.S. Government Accountability Office (GAO).

Information contained in this report was gathered from accounting and administrative records. We also interviewed District personnel.

AUDIT AUTHORIZATION

Reported to the Joint Finance-Appropriations Committee as directed by the Legislative Council of the Idaho Legislature, authorized by Idaho Code, Section 67-429.

ASSIGNED STAFF

Patrick Aggers, CPA, Staff Auditor

ADMINISTRATION AND TECHNICAL REVIEW

Ray Ineck, CGFM, Manager, Legislative Audits Division
Thomas Haddock, CPA, CGFM, Managing Auditor

GRAPHIC LOGISTICS

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EXECUTIVE SUMMARY LEGISLATIVE AUDITS

NORTH CENTRAL DISTRICT HEALTH DEPARTMENT (II)

PURPOSE AND SCOPE. We have audited the financial statements of the North Central District Health Department (II) for the fiscal years ended June 30, 2004 and 2005, in accordance with auditing standards generally accepted in the United States of America. The purpose of our audit is to determine whether the District's financial statements are materially accurate and reliable, and that the District complied with laws and regulations affecting fiscal operations.

CONCLUSION. We conclude that the District's financial statements are materially accurate and reliable, and fiscal operations materially comply with related laws and regulations. As a result, we issued an unqualified opinion on the District's financial statements.

FINDINGS AND RECOMMENDATIONS. This report includes one finding and recommendation that is summarized below.

FINDING #1. Approximately \$87,000 in expenditures from a \$447,000 federal grant were not expended in accordance with the grant agreement. The District received and passed federal money to county governments to help offset the additional cost to dispose of the expected increase in solid waste related to the Lewis and Clark Bicentennial. The District's approved grant application with the federal government stated that the money would not be used for construction, demolition, or acquisition of assets.

The District made payments to one county for the construction and costs related to weigh scales, and for the elimination of debt related to the purchase of a tractor-loader. We believe these payments are not in accordance with the approved grant application, and that \$86,811 of the \$447,000 is not allowable.

We recommend that the District contact the federal grantor to resolve this issue. **We also recommend** that program personnel document their expenditure reviews to ensure compliance with all pertinent grant requirements before requesting payment approval from the director.

AGENCY RESPONSE. The District's has contacted the federal grantor, the U.S. Department of Housing and Urban Development (HUD) and is awaiting notification from HUD indicating that all federal grant monies were expended in accordance with the grant agreement. A copy of the written documentation will be furnished as soon as it is received, effectively closing the above finding.

AUDITOR'S RESPONSE. Subsequent to reviewing the draft report with District management, the District received a letter from HUD allowing the \$86,811 in questioned costs. However, we still recommend that program personnel document their review of expenditures before requesting payment approval from the director.

PRIOR FINDINGS AND RECOMMENDATIONS. There were no findings and recommendations in the prior audit report.

FINANCIAL SUMMARY. The District receives its funding from a General Fund appropriation, federal grants, county funding, and fees for services. A summary of the District's financial operation for fiscal years 2004 and 2005 follows.

NORTH CENTRAL DISTRICT HEALTH DEPARTMENT (II) – FINANCIAL SUMMARY

	<u>June 30, 2004</u>	<u>June 30, 2005</u>
ASSETS		
Cash and Investments	\$2,523,701	\$2,142,374
Other Assets	<u>269,626</u>	<u>216,899</u>
Total Assets	<u>\$2,793,327</u>	<u>\$2,359,273</u>
LIABILITIES AND FUND BALANCE		
Accounts Payable	\$8,228	\$26,933
Payroll and Benefits Payable	<u>171,219</u>	<u>197,141</u>
Total Liabilities	<u>\$179,447</u>	<u>\$224,074</u>
Fund Balance	<u>\$2,613,880</u>	<u>\$2,135,199</u>
Total Liabilities and Fund Balance	<u>\$2,793,327</u>	<u>\$2,359,273</u>
	<u>June 30, 2004</u>	<u>June 30, 2005</u>
REVENUES		
Health and Professional Services	\$492,516	\$546,192
Interest	48,951	75,649
Federal Grants	1,906,000	2,441,683
Other State/County/City Grants	43,591	87,590
County Grants	587,888	637,217
Rent and Lease Income	10,010	10,913
Miscellaneous Revenue	123,826	117,720
General Fund Appropriation	<u>933,800</u>	<u>963,000</u>
Total Revenues	<u>\$4,146,582</u>	<u>\$4,879,964</u>
EXPENDITURES		
Current		
Board of Health	\$13,990	\$14,057
Administration	120,379	123,717
Community Health Services	1,695,230	1,831,426
Environmental Health Services	571,125	881,008
Health Education	694,317	1,076,886
General Support	584,664	633,087
Capital Outlay	<u>61,004</u>	<u>798,464</u>
Total Expenditures	<u>\$3,740,709</u>	<u>\$5,358,645</u>
Excess (Deficiency) of Revenues		
Over-Expenditures – Net Change in Fund Balance	\$405,873	(\$478,681)
Beginning Fund Balance (Restated for 2004)	<u>2,208,007</u>	<u>2,613,880</u>
Ending Fund Balance	<u>\$2,613,880</u>	<u>\$2,135,199</u>

OTHER ISSUES. In addition to the finding and recommendation, we discussed other, less important issues which, if changed, would improve internal control, ensure compliance, or improve efficiency.

This report is intended solely for the information and use of the North Central District Health Department (II) and the Idaho Legislature and is not intended to be, and should not be, used by anyone other than these specified parties.

We appreciate the cooperation and assistance given to us by the director, Carole Moehrle, and her staff.

QUESTIONS CONCERNING THIS AUDIT SHOULD BE DIRECTED TO:

Ray Ineck, CGFM, Manager, Legislative Audits Division

Thomas Haddock, CPA, CGFM, Managing Auditor

Report OP95205

AGENCY RESPONSE



Public Health

North Central District Health Department

Nez Perce County

215 10th Street
Lewiston, ID 83501
(208) 799-3100
Fax (208) 799-0349

Latah County

333 E Palouse River Drive
Moscow, ID 83843
(208) 882-7506
Fax (208) 882-3494

Clearwater County

105 115th Street
Orofino, ID 83544
(208) 476-7850
Fax (208) 476-7494

Idaho County

903 West Main
Grangeville, ID 83530
(208) 983-2842
Fax (208) 983-2845

Lewis County

132 N Hill Street
P O Box 277
Kamiah, ID 83536
(208) 935-2124
Fax (208) 935-0223

September 5, 2006

Mr. Ray Ineck, CGFM, Supervisor
Legislative Audits
Legislative Services Office
P.O. Box 83720
Boise, ID 83720-0054

Dear Mr. Ineck:

Thank you for the draft of the audit report for North Central District Health Department. Regarding finding #1, we are currently awaiting response from our federal granting agency, HUD. They have indicated that all federal grant monies were expended in accordance with their understanding of the grant agreement. As soon as I receive this written documentation, I will submit it to you for review.

When that new information is received, I will request that the audit report be changed to eliminate the language of the finding.

On behalf of my staff and myself, we appreciate the professional manner in which your staff conducted the audit. The suggestions received were very helpful and are being implemented.

Sincerely,

Carol M. Moehrle
District Director

FINDINGS AND RECOMMENDATIONS

FINDING #1

CFDA Title: Community Planning and Development

CFDA #: 14.246

Federal Award #: B-03-SP-ID-0201

Federal Grant Name: Lewis and Clark Bicentennial Solid Waste

Program Period: January 14, 2004 to January 14, 2009

Federal Agency: Department of Housing and Urban Development

Compliance Requirement: A - Activities Allowed or Unallowed

Questioned Costs: \$86,811

Approximately \$87,000 in expenditures from a \$447,000 federal grant were not expended in accordance with the grant agreement.

The District received and passed federal money to county governments to help offset additional solid waste disposal costs that were expected to rise due to increased tourism related to the Lewis and Clark Bicentennial. The District's approved grant from the federal government specifically stated that the funds would not be used for construction, demolition, or acquisition of assets.

The District made payments to one county for construction and costs related to weigh scales, and to eliminate debts related to the purchase of a tractor-loader. We believe these payments were not made in accordance with the approved grant application, and that \$86,811 of the total grant amount of \$447,000 is not allowable.

The District's payment approval process is: (1) to have the payments approved by the program personnel administering the grant, and (2) to request the director to approve the payments. Although the director approved the payments, there was no documentation to show that the payments were approved by program personnel.

RECOMMENDATION #1

We recommend that the District contact the federal grantor to resolve this issue. We also recommend that program personnel document their expenditure reviews to ensure compliance with all pertinent grant requirements before requesting payment approval from the director.

CORRECTIVE ACTION PLAN

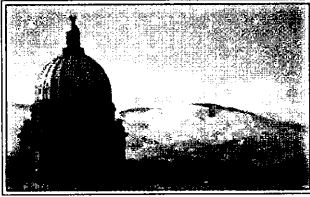
The District's has contacted the federal grantor, the Department of Housing and Urban Development (HUD) and is awaiting notification from HUD indicating that all federal grant monies were expended in accordance with the grant agreement. A copy of the written documentation will be furnished as soon as it is received, effectively closing the above finding.

AUDITOR'S RESPONSE

Subsequent to reviewing the draft report with District management, the District received a letter from HUD allowing the \$86,811 in questioned costs. However, we still recommend that program personnel document their review of expenditures before requesting payment from the director.

CONTACT PERSON

Carol M. Moehrle, Director
North Central District Health Department (II)
208-799-3100



Legislative Services Office Idaho State Legislature

Serving Idaho's Citizen Legislature

Jeff Youtz
Director

July 21, 2006

Unqualified Opinion on
Basic Financial Statements

Independent Auditor's Report

Joint Finance-Appropriations Committee
of the Idaho State Legislature
State Capitol Building
Statehouse Mail

Senators and Representatives:

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the North Central District Health Department (II) as of and for the years ended June 30, 2004 and 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the District as of June 30, 2004 and 2005, and the respective changes in financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 21, 2006, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered when assessing the results of our audit.

Mike Nugent, Manager
Research & Legislation

Cathy Holland-Smith, Manager
Budget & Policy Analysis

Ray Ineck, Manager
Legislative Audits

Glenn Harris, Manager
Information Technology

Statehouse, P.O. Box 83720
Boise, Idaho 83720-0054

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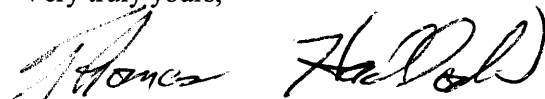
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The District has not presented the Management Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

The budgetary comparison information contained in the required supplementary information on pages 20 through 22 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for the purpose of additional analysis as required by *OMB Circular A-133*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Very truly yours,

A handwritten signature in black ink, appearing to read "Thomas Haddock", written over a horizontal line.

Thomas Haddock, CPA, CGFM
Legislative Audits

STATE OF IDAHO
NORTH CENTRAL DISTRICT HEALTH DEPARTMENT (II)
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2004 AND 2005

	June 30, 2004 Governmental Activities	June 30, 2005 Governmental Activities
ASSETS		
Cash	\$109,848	\$262,872
Investments	2,413,853	1,879,502
Interagency Receivables	42,203	11,490
Accounts Receivable	158,198	116,140
Prepaid Expense	1,746	4,500
Inventory	67,479	84,769
Capital Assets:		
Nondepreciable	545,455	545,455
Depreciable net	1,989,437	2,697,431
Total Assets	<u>\$5,328,219</u>	<u>\$5,602,159</u>
LIABILITIES		
Accounts Payable	\$8,228	\$26,933
Payroll and Benefits Payable	171,219	197,141
Non-Current Liabilities:		
Due Within One Year	137,834	147,562
Due in More Than One Year	18,796	7,766
Total Liabilities	<u>\$336,077</u>	<u>\$379,402</u>
NET ASSETS		
Invested in Capital Assets	\$2,534,892	\$3,242,886
Unrestricted	2,457,250	1,979,871
Total Net Assets	<u>\$4,992,142</u>	<u>\$5,222,757</u>

The accompanying notes are an integral part of these financial statements.

STATE OF IDAHO
NORTH CENTRAL DISTRICT HEALTH DEPARTMENT (II)
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEARS ENDED JUNE 30, 2004 AND 2005

FY 2004

FY 2004

	PROGRAM REVENUE			
			Operating	Net (Expenses)
		Charges	Grants and	Revenues and
PROGRAMS	Expenses	for Services	Contributions	Changes in
				Net Assets
Governmental Activities:				
Board of Health	\$13,990	\$0	\$0	(\$13,990)
Administration	120,536	0	0	(120,536)
Community Health Services	1,700,148	465,210	941,062	(293,876)
Environmental Health Services	572,439	119,611	232,133	(220,695)
Health Education	696,051	17,360	776,394	97,703
General Support	671,524	24,173	0	(647,351)
Total Governmental Activities	\$3,774,688	\$626,354	\$1,949,589	(\$1,198,745)
General Revenues:				
State General Support				\$933,800
Interest Income				48,951
County Contributions				587,888
Total General Revenues				\$1,570,639
Change in Net Assets				\$371,894
Beginning Net Assets as Restated				4,620,248
Ending Net Assets				\$4,992,142

FY 2005

FY 2005	PROGRAM REVENUE			
				Net (Expenses)
<u>PROGRAMS</u>	Expenses	Charges for Services	Operating Grants and Contributions	Revenues and Changes in Net Assets
Governmental Activities:				
Board of Health	\$14,057	\$0	\$0	(\$14,057)
Administration	\$123,694	0	2,224	(121,470)
Community Health Services	\$1,822,312	504,488	972,520	(345,304)
Environmental Health Services	\$880,817	134,700	472,860	(273,257)
Health Education	\$1,076,602	14,630	1,081,669	19,697
General Support	\$731,867	21,007	0	(710,860)
Total Governmental Activities	<u>\$4,649,349</u>	<u>\$674,825</u>	<u>\$2,529,273</u>	<u>(\$1,445,251)</u>
General Revenues:				
State General Support				\$963,000
Interest Income				75,649
County Contributions				637,217
Total General Revenues				<u>\$1,675,866</u>
Change in Net Assets				\$230,615
Beginning Net Assets				<u>4,992,142</u>
Ending Net Assets				<u>\$5,222,757</u>

The accompanying notes are an integral part of these financial statements.

STATE OF IDAHO
NORTH CENTRAL DISTRICT HEALTH DEPARTMENT (II)
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2004 AND 2005

	June 30, 2004 Special Revenue Fund	June 30, 2005 Special Revenue Fund
<u>ASSETS</u>		
Cash	\$109,848	\$262,872
Investments	2,413,853	1,879,502
Interagency Receivables	42,203	11,490
Accounts Receivable	158,198	116,140
Prepaid Expense	1,746	4,500
Inventory	67,479	84,769
Total Assets	<u>\$2,793,327</u>	<u>\$2,359,273</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities		
Accounts Payable	\$8,228	\$26,933
Payroll and Benefits Payable	171,219	197,141
Total Liabilities	<u>\$179,447</u>	<u>\$224,074</u>
Fund Balances		
Reserved for:		
Prepaid Items	\$1,746	\$4,500
Inventory	67,479	84,769
Unreserved Special Revenue Fund	2,544,655	2,045,930
Total Fund Balance	<u>\$2,613,880</u>	<u>\$2,135,199</u>
Total Liabilities and Fund Balance	<u>\$2,793,327</u>	<u>\$2,359,273</u>

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS

Total Fund Balances for Governmental Funds	\$2,613,880	\$2,135,199
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources, and are therefore not reported in the funds.	2,534,892	3,242,886
Long-term liabilities are not due and payable in the current period, and are therefore not reported in the funds. This consists of compensated absences.	(156,630)	(155,328)
Net assets of governmental activities	<u>\$4,992,142</u>	<u>\$5,222,757</u>

The accompanying notes are an integral part of these financial statements.

STATE OF IDAHO
NORTH CENTRAL DISTRICT HEALTH DEPARTMENT (II)
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEARS ENDED JUNE 30, 2004 AND 2005

	Year Ended June 30, 2004			Year Ended June 30, 2005		
	Special Fund 0290	Non-Major Millennium Fund 0499	Total Governmental Funds	Special Fund 0290	Non-Major Millennium Fund 0499	Total Governmental Funds
REVENUES						
Health and Professional Services	\$492,516	\$0	\$492,516	\$546,192	\$0	\$546,192
Interest	48,951	0	48,951	75,649	0	75,649
Federal Grants	1,906,000	0	1,906,000	2,441,683	0	2,441,683
Other State/County/City Grants	43,591	0	43,591	87,590	0	87,590
County Grants	587,888	0	587,888	637,217	0	637,217
Rent and Lease Income	10,010	0	10,010	10,913	0	10,913
Miscellaneous Revenue	123,826	0	123,826	117,720	0	117,720
General Fund Support	880,200	53,600	933,800	909,300	53,700	963,000
Total Revenues	\$4,092,982	\$53,600	\$4,146,582	\$4,826,264	\$53,700	\$4,879,964
EXPENDITURES						
Current						
Board of Health	\$13,990	\$0	\$13,990	\$14,057	\$0	\$14,057
Administration	120,379	0	120,379	123,717	0	123,717
Community Health Services	1,695,230	0	1,695,230	1,831,426	0	1,831,426
Environmental Health Services	571,125	0	571,125	881,008	0	881,008
Health Education	640,717	53,600	694,317	1,023,186	53,700	1,076,886
General Support	584,664	0	584,664	633,087	0	633,087
Capital Outlay	61,004	0	61,004	798,464	0	798,464
Total Expenditures	\$3,687,109	\$53,600	\$3,740,709	\$5,304,945	\$53,700	\$5,358,645
Excess (Deficiency) of Revenues						
Over-Expenditures - Net Change in Fund Balance	\$405,873	\$0	\$405,873	(\$478,681)	\$0	(\$478,681)
Beginning Fund Balance restated for 2004	2,208,007	0	2,208,007	2,613,880	0	2,613,880
Ending Fund Balance	\$2,613,880	\$0	\$2,613,880	\$2,135,199	\$0	\$2,135,199

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

	FY 2004	FY 2005
Net change in fund balances for total governmental funds	\$405,873	(\$478,681)

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, these costs are allocated as depreciation expense.

Depreciation exceeded capital outlays in FY 04 and capital outlays exceeded depreciation in FY 05 by the following amounts:

Capital Outlay	61,004	798,464
Depreciation Expense	(86,324)	(90,470)

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. This requires an adjustment for compensated absences.

(8,659) 1,302

Change in net assets of governmental activities	\$371,894	\$230,615
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The accompanying statements are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE #1

SIGNIFICANT ACCOUNTING POLICIES REPORTING ENTITY

The Health District is not a State agency. In determining how to define North Central District Health Department (II) for financial reporting purposes, management has considered all potential component units in accordance with *GASB Statement 14*, as amended by *GASB Statement 39*. The legislature created seven health districts throughout the State in 1970. In 1976, the legislature expressed specific intent that the districts were not to be considered State agencies, but were to be recognized as authorized governmental entities. Although the districts are not State agencies, all districts have opted to process their financial transactions through the State accounting system.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (Statement of Net Assets and Statement of Activities) report information on all activities of North Central District Health Department (II). These activities are financed through General Fund appropriations, county contributions, federal grants, and program revenues.

The Statement of Net Assets presents the District's assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

1. Investments in capital assets are net of accumulated depreciation and reduced by any outstanding debt.
2. Restricted net assets result when constraints placed on net asset use are externally imposed by contributors, by law, or by enabling legislation.
3. Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management, but can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Program revenues include fees and charges paid by recipients of goods or services offered by the program. Appropriations, contributions, interest income, and other items not

meeting the definition of program revenues are reported as general revenue.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. All assets and liabilities are presented on the statement of net assets. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under governmental fund accounting, only current assets and current liabilities are generally included on the balance sheet. Revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after the year end. Sales of services, interest, and federal grants are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds.

ASSETS, LIABILITIES, AND NET ASSETS

Cash and Cash Equivalents

The District's primary governmental fund cash and cash equivalents are considered to be cash on hand, and are on deposit with the State Treasurer's Office.

Investments

Investments are reported at fair value. Additional disclosure is identified in Note #2.

Accounts Receivable

The accounts receivable come from county contributions, federal grants, and client accounts.

Inventories and Prepaids

Inventories are valued at cost, primarily using the first-in, first-out flow method. The District uses the consumption method of accounting for inventory and prepaid expenses.

Interagency Receivables

Interagency receivables are funds due from State agencies for contract services. The transfers are usually completed monthly.

Capital Assets

Purchased capital assets are reported at cost, or if the assets are donated, at market value at date of donation. Only capital assets with a value of \$5,000 or greater are capitalized. Depreciation is recorded by use of the straight-line method. The value of each asset is reduced by equal amounts over its estimated useful life as follows:

	<u>Estimated Useful Life (Years)</u>
Equipment	3-30
Building/Improvements	10-50
Vehicles	5

Maintenance, repairs, and minor renewals are charged as operating expenses when incurred. When an asset is disposed of, accumulated depreciation is deducted from the original cost and any gain or loss arising from its disposal is credited or charged to operations.

Additional disclosures related to capital assets are provided in Note #5.

REVENUES AND EXPENDITURES/EXPENSES

In the Government-Wide Statement of Activities, Revenues and Expenses are segregated by function. Additionally, revenues are classified as program or general revenues. Program revenues include charges to clients or applicants for services provided and certain grants and contributions. General revenues include General Fund appropriation, county contribution, and interest.

In the governmental fund financial statements, revenues are reported by source, and expenditures are reported by function. The Special Revenue Fund is used to account for all of the District's activities, except tobacco cessation, which is accounted for in the Non-Major Fund.

RESTATEMENTS

The beginning fiscal year 2004 net assets and fund balance were restated. The restatements were needed to convert from a cash basis of accounting to accounting completed in accordance with generally accepted accounting principles.

NOTE #2

CASH AND INVESTMENTS

The District participates in the State Treasurer's internal and external investment pools. The Idle Fund is an internal investment pool managed by the State Treasurer's Office on behalf of participants. Money not needed to meet immediate operating obligations is invested in accordance with Idaho Code, Sections 67-1210 and 67-1210A. Participation in the pool is involuntary.

The District also participates in the Local Government Investment Pool and the Diversified Bond Fund. Both are external investment pools sponsored by the State Treasurer's Office. A copy of the State's *Comprehensive Annual Financial Report (CAFR)*, including the investment pool's financial statement, is available from the Office of the State Controller, Bureau of Reporting and Review.

Idaho Code restricts the State Treasurer to certain types of investments.

Credit Risk

Both the Local Government Investment Pool and the Diversified Bond Fund are unrated.

Interest Rate Risk

The following schedule represents the District's investments in the external investment pools and a distribution of the pools' maturities at June 30, 2004 and 2005:

	<u>Fair Value</u>	<u>Weighted Average Maturity</u>
2004 Investment in External Investment Pool		
Local Government Investment Pool	\$2,413,853	1.2 years
2005 Investment in External Investment Pool		
Local Government Investment Pool	196,109	1.1 years
Diversified Bond Fund	1,683,393	3.9 years

The State Treasurer has an informal investment policy that limits certain investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.

NOTE #3

COMPENSATED ABSENCES

The District is not part of the State, but has decided to follow State rules. District employee benefits include vacation and sick leave allowances. Overtime may be earned under provisions of the Fair Labor Standards Act and State law. Overtime is commonly referred to as "compensatory time" or "comp time," since employees may take time off for the accrued overtime. For the purposes of earning and accruing overtime, there are three general classes of employees:

1. Those who earn overtime at 1.5 times regular pay rates and may be paid for the overtime or take time off.
2. Those who earn overtime at the same rate as regular pay rates and may only take time off.
3. Those ineligible for overtime.

Under certain circumstances, employees eligible for overtime may accrue earned administrative leave on an hour-for-hour basis. Earned administrative leave is treated similarly to vacation leave but is not subject to any limitation. Upon termination, the following accrued leave balances are paid:

1. Vacation leave
2. Earned administrative leave
3. Overtime for those eligible for payment

As of June 30, 2004 and 2005, the following total value of leave has been accrued by employees of North Central District Health Department (II). These amounts are accrued in the government-wide financial statements when the benefit is incurred. A liability for the amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignation or retirement.

CHANGES IN COMPENSATED ABSENCES

	<u>FY 2004</u>
Beginning Balance July 1, 2003	\$147,971
Increases	138,816
Decreases	<u>(130,157)</u>
Ending Balance June 30, 2004	<u>\$156,630</u>

The District estimates the amount due within one year is \$137,834. Compensated absences are paid from the District's main operating fund.

	<u>FY 2005</u>
Beginning Balance July 1, 2004	\$156,630
Increases	147,152
Decreases	<u>(148,454)</u>
Ending Balance June 30, 2005	<u>\$155,328</u>

The District estimates the amount due within one year is \$147,562. Compensated absences are paid from the District's main operating fund.

NOTE #4 PENSION PLAN

The Public Employee Retirement System of Idaho (PERSI), a cost-sharing, multiple-employer public retirement system, was created by the Idaho State Legislature. It is a defined benefit plan requiring that both the member and the employer contribute. Designed as a mandatory system for eligible state and school district employees, the legislation provided for political subdivisions to participate by contractual agreement with PERSI. Financial reports for the plan are available from PERSI.

After five years of credited service, members become fully vested in retirement benefits earned to date. Members are eligible for retirement benefits when they reach the age specified by their employment classification. For each year of credited service, the annual service retirement allowance is 2.0% or 2.3% (depending on employee classification) of the average monthly salary for the highest consecutive 42 months.

For the period from July 1, 2003 to June 30, 2004, the required contribution rate was 9.77% and 5.86%, and for the period from July 1, 2004 to June 30, 2005, the required contribution rate was 10.39% and 6.23% of covered payroll for the District and its employees, respectively. District contributions required and paid were \$177,226, \$183,188, and \$211,303, respectively, for the three years ended June 30, 2003, 2004, and 2005.

The PERSI Choice Plan is the State's defined contribution retirement plan. Statutes governing the PERSI Choice Plan are found in Idaho Code, Title 59, Chapter 13. Participants direct their own investment mix without restriction, and may elect to change their deferral every pay period.

NOTE #5

CAPITAL ASSETS

Capital asset activity for the years ended June 30, 2004 and 2005 is as follows:

	Balances at July 1, 2003	Increase	Decrease	Balances at June 30, 2004
Governmental Activities:				
Capital Assets not being Depreciated:				
Land	\$545,455	\$0	\$0	\$545,455
Total Capital Assets not Being Depreciated	\$545,455	\$0	\$0	\$545,455
Capital Assets Being Depreciated:				
Buildings and Improvements	\$2,042,819	\$47,819	\$0	\$2,090,638
Improvements Other Than Buildings	236,982	0	0	236,982
Equipment and Vehicles	214,683	13,185	(28,257)	199,611
Total Capital Assets Being Depreciated	\$2,494,484	\$61,004	(\$28,257)	\$2,527,231
Less Accumulated Depreciation for:				
Buildings and Improvements	(\$287,144)	(\$48,313)	\$0	(\$335,457)
Improvements Other Than Buildings	(58,921)	(14,044)	0	(72,965)
Equipment and Vehicles	(133,662)	(23,967)	28,257	(129,372)
Total Accumulated Depreciation	(\$479,727)	(\$86,324)	\$28,257	(\$537,794)
Total Capital Assets Being Depreciated, Net	\$2,014,757	(\$25,320)	\$0	\$1,989,437
Governmental Activities Capital Assets, Net	\$2,560,212	(\$25,320)	\$0	\$2,534,892

	Balances at July 1, 2004	Increase	Decrease	Balances at June 30, 2005
Governmental Activities:				
Capital Assets not being Depreciated:				
Land	\$545,455	\$0	\$0	\$545,455
Total Capital Assets not Being Depreciated	\$545,455	\$0	\$0	\$545,455
Capital Assets Being Depreciated:				
Buildings and Improvements	\$2,090,638	\$723,005	\$0	\$2,813,643
Improvements Other Than Buildings	236,982	51,188	0	288,170
Equipment and Vehicles	199,611	24,271	(21,892)	201,990
Total Capital Assets Being Depreciated	\$2,527,231	\$798,464	(\$21,892)	\$3,303,803
		0		
Less Accumulated Depreciation for:				
Buildings and Improvements	(\$335,457)	(\$48,132)	\$0	(\$383,589)
Improvements Other Than Buildings	(72,965)	(14,044)	0	(87,009)
Equipment and Vehicles	(129,372)	(28,294)	21,892	(135,774)
Total Accumulated Depreciation	(\$537,794)	(\$90,470)	\$21,892	(\$606,372)
Total Capital Assets Being Depreciated, Net	\$1,989,437	\$707,994	\$0	\$2,697,431
Governmental Activities Capital Assets, Net	\$2,534,892	\$707,994	\$0	\$3,242,886

Depreciation is charged to General Support. In fiscal year 2004, depreciation was \$86,324, and in fiscal year 2005, depreciation was \$90,470.

Operating Leases

Operating leases are leases for which the District will not gain title to the asset. They contain various renewal options, as well as some purchase options. Operating lease payments are recorded as expenditures of the related funds when paid or incurred. The District's total operating lease expenditures for fiscal years 2004 and 2005 was \$29,748 and \$29,343, respectively.

The District had no capital leases in fiscal year 2004 or 2005.

Future minimum lease commitments for non-cancelable operating lease payments as of June 30, 2005 are:

<u>Operating Leases</u>	<u>Amount</u>
FY 2006	\$26,128
FY 2007	25,171
FY 2008	11,173
FY 2009	1,558
FY 2010	0
FY 2011-2015	0
Total	<u>\$64,030</u>

NOTE #6 LEASES

Operating Lease Receipts

The District leases office space in its Lewiston building. The minimum future rental for fiscal year 2006 is \$9,636. The District plans to renovate the office space near the end of fiscal year 2006, at which time the lease will be renegotiated.

REQUIRED SUPPLEMENTARY INFORMATION

STATE OF IDAHO
NORTH CENTRAL DISTRICT HEALTH DEPARTMENT (II)
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET TO ACTUAL
GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2004

	Budgeted Amounts		Variance With Final Budget Positive (Negative)	
	Original	Final	Actual Amounts	
REVENUES				
State	\$866,344	\$866,344	\$880,200	\$13,856
County	652,040	652,040	587,858	(64,182)
Contracts	1,536,665	1,686,265	2,065,505	379,240
Fees	469,324	469,324	513,352	44,028
Interest	45,000	45,000	48,951	3,951
Rent	9,940	9,940	10,010	70
Reserve	36,729	84,548	0	(84,548)
	<u>\$3,616,042</u>	<u>\$3,813,461</u>	<u>\$4,105,876</u>	<u>\$292,415</u>
Reconciliation to GAAP Basis Revenues:				
Decrease in Interagency Receivable			(95,001)	
Increase in Accounts Receivable			82,107	
Total GAAP Revenues			<u>\$4,092,982</u>	
	Budgeted Amounts		Final Budget Positive (Negative)	
	Original	Final	Actual Amounts	
EXPENDITURES				
Personnel Costs	\$2,708,542	\$2,790,942	\$2,616,899	\$174,043
Operating	787,500	854,700	877,177	(22,477)
Capital Outlay	25,000	72,819	61,004	11,815
Trustee Benefits	95,000	95,000	148,839	(53,839)
Total Expenditures	<u>\$3,616,042</u>	<u>\$3,813,461</u>	<u>\$3,703,919</u>	<u>\$109,542</u>
Reconciliation to GAAP Basis Expenditures:				
Decrease in Accounts Payable			(30,289)	
Increase in Payroll Payable			19,390	
Increase in Prepaid Expense			(623)	
Increase in Inventory			(5,288)	
Total GAAP Expenditures			<u>\$3,687,109</u>	

The accompanying note is an integral part of these financial schedules.

STATE OF IDAHO
NORTH CENTRAL DISTRICT HEALTH DEPARTMENT (II)
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET TO ACTUAL
GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
State	\$902,700	\$902,700	\$909,300	\$6,600
County	652,040	652,040	637,217	(14,823)
Contracts	2,007,951	2,507,951	2,698,950	190,999
Fees	558,654	558,654	567,006	8,352
Interest	45,000	45,000	75,649	30,649
Rent	10,248	10,248	10,913	665
Reserve	54,000	748,000	0	(748,000)
	<u>\$4,230,593</u>	<u>\$5,424,593</u>	<u>\$4,899,035</u>	<u>(\$525,558)</u>

Reconciliation to GAAP Basis Revenues:

Decrease in Interagency Receivable	(30,713)
Decrease in Accounts Receivable	(42,058)
Total GAAP Revenues	<u>\$4,826,264</u>

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES				
Personnel Costs	\$3,020,029	\$3,020,029	\$2,899,522	\$120,507
Operating	880,564	974,564	877,359	97,205
Capital Outlay	25,000	625,000	798,464	(173,464)
Trustee Benefits	305,000	805,000	705,017	99,983
Total Expenditures	<u>\$4,230,593</u>	<u>\$5,424,593</u>	<u>\$5,280,362</u>	<u>\$144,231</u>

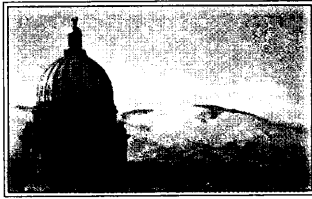
Reconciliation to GAAP Basis Expenditures:

Increase in Accounts Payable	18,705
Increase in Payroll Payable	25,922
Increase in Prepaid Expense	(2,754)
Increase in Inventory	(17,290)
Total GAAP Expenditures	<u>\$5,304,945</u>

The accompanying note is an integral part of these financial schedules.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Each of the District's counties has a representative who serves on the Budget Committee. The District board will submit the budget to the Budget Committee. The budget is prepared on a cash basis. The budget for the District shall be approved by a majority of the Budget Committee. Any adjustments to the budget are approved by the Board of Health.



Legislative Services Office Idaho State Legislature

Serving Idaho's Citizen Legislature

Jeff Youtz
Director

July 21, 2006

Independent Auditor's Report on Internal Control
Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial
Statements Performed in Accordance
With Government Auditing Standards

Joint Finance-Appropriations Committee
of the Idaho State Legislature
State Capitol Building
Statehouse Mail

Senators and Representatives:

We have audited the financial statements of the governmental activities, the major fund and the aggregate remaining fund information of the North Central District Health Department (II) as of and for the years ended June 30, 2004 and 2005, and have issued our report thereon dated July 21, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements, and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the Findings and Recommendations section of this report.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce, to a relatively low level, the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur, and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose

Mike Nugent, Manager
Research & Legislation

Cathy Holland-Smith, Manager
Budget & Policy Analysis

Ray Ineck, Manager
Legislative Audits

Glenn Harris, Manager
Information Technology

all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above are a material weakness.

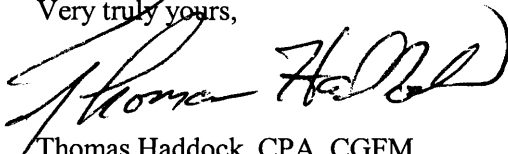
Compliance and Other Matters

As part of obtaining reasonable assurance as to whether the District's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

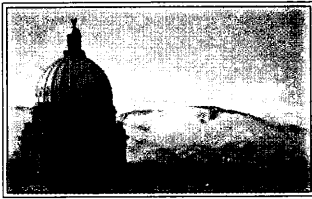
We noted certain matters that we have reported to the management of the District in a separate letter dated July 17, 2006.

This report is intended solely for the information and use of the North Central District Health Department (II) and the Idaho Legislature and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Thomas Haddock', with a stylized flourish at the end.

Thomas Haddock, CPA, CGFM
Legislative Audits



Legislative Services Office Idaho State Legislature

Serving Idaho's Citizen Legislature

Jeff Youtz
Director

July 21, 2006

Independent Auditor's Report on Compliance With
Requirements Applicable to Each Major Program
and on Internal Control Over Compliance in
Accordance With OMB Circular A-133

Joint Finance-Appropriations Committee
of the Idaho State Legislature
State Capitol Building
Statehouse Mail

Senators and Representatives:

Compliance

We have audited the compliance of the North Central District Health Department (II) with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended June 30, 2004 and 2005. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and *OMB Circular A-133* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements, and performing such other procedures that we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major programs for the years ended June 30, 2004 and 2005.

Mike Nugent, Manager
Research & Legislation

Cathy Holland-Smith, Manager
Budget & Policy Analysis

Ray Ineck, Manager
Legislative Audits

Glenn Harris, Manager
Information Technology

Internal Control Over Compliance

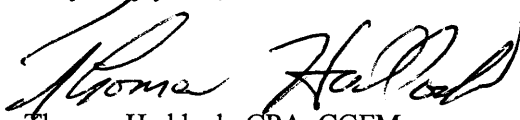
The management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with *OMB Circular A-133*.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the District's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in Finding #1 in the Findings and Recommendations section of this report.

A material weakness is a reportable condition in which the design or operation of one or more internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur, and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition referred to above is not a material weakness.

This report is intended solely for the information and use of the management of the North Central District Health Department (II), and the federal awarding agencies, and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink, appearing to read "Thomas Haddock", written in a cursive style.

Thomas Haddock, CPA, CGFM
Legislative Audits

STATE OF IDAHO
NORTH CENTRAL DISTRICT HEALTH DEPARTMENT (II)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEARS ENDED JUNE 30, 2004 AND 2005

Federal Grantor/Program Title	CFDA Number	Contract Number	Contract Period	Contract Amount	Federal Exp. FY 2004	Federal Exp. FY 2005	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE							
Pass Through Idaho Department of Health and Welfare							
WIC Administration	10.557	HC386200	10/1/02-9/30/03	\$234,433.00	\$44,922.98	\$0.00	\$44,922.98
WIC Administration	10.557	HC419200	10/1/03-9/30/04	225,255.00	178,916.75	56,181.50	235,098.25
WIC Administration	10.557	HC475400	10/1/04-9/30/05	228,933.01	0.00	192,294.17	192,294.17
Total CFDA 10.577					<u>\$223,839.73</u>	<u>\$248,475.67</u>	<u>\$472,315.40</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE					\$223,839.73	\$248,475.67	\$472,315.40
U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT							
Pass Through the Idaho Housing and Finance Association							
HOPWA(Housing for People with Aids)	14.241	HOPWA-04-03	7/1/04-6/30/05	14,202.00	0.00	12,556.45	12,556.45
Total CFDA 14.241					<u>\$0.00</u>	<u>\$12,556.45</u>	<u>\$12,556.45</u>
Lewis Clark Bicentennial Solid Waste Disposal	14.246	B-03-SP-ID-0201	1/14/04-1/14/09	447,075.00	153,245.00	286,685.00	439,930.00
Total CFDA 14.246					<u>\$153,245.00</u>	<u>\$286,685.00</u>	<u>\$439,930.00</u>
TOTAL U.S. HOUSING AND URBAN DEVELOPMENT					\$153,245.00	\$299,241.45	\$452,486.45
U.S. DEPARTMENT OF TRANSPORTATION							
Pass Through the Idaho Transportation Department							
Child Passenger Protection Education	20.600	MOU	6/6/04-7/11/04	660.00	495.52	0.00	495.52
Total CFDA 20.600					<u>\$495.52</u>	<u>\$0.00</u>	<u>\$495.52</u>
Child Passenger Protection Education	20.600	MOU	2/1/04-9/30/04	6,000.00	0.00	6,000.00	6,000.00
Total CFDA 20.600					<u>\$0.00</u>	<u>\$6,000.00</u>	<u>\$6,000.00</u>
Child Passenger Protection Education	20.600	MOU	4/1/05- 5/8/05	900.00	0.00	562.73	562.73
Total CFDA 20.600					<u>\$0.00</u>	<u>\$562.73</u>	<u>\$562.73</u>
TOTAL U.S. DEPARTMENT OF TRANSPORTATION					\$495.52	\$6,562.73	\$7,058.25

STATE OF IDAHO
NORTH CENTRAL DISTRICT HEALTH DEPARTMENT (II)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEARS ENDED JUNE 30, 2004 AND 2005

Federal Grantor/Program Title	CFDA Number	Contract Number	Contract Period	Contract Amount	Federal Exp. FY 2004	Federal Exp. FY 2005	Total Federal Expenditures
U.S. ENVIRONMENTAL PROTECTION AGENCY							
Pass Through Idaho Department of Health and Welfare							
Radon Education	66.032	HC402400	7/1/03 - 6/30/04	\$3,000.00	\$3,000.00	\$0.00	\$3,000.00
Radon Education	66.032	HC457200	7/1/04 - 6/30/05	3,000.00	0.00	3,000.00	3,000.00
Total CFDA 66.032					\$3,000.00	\$3,000.00	\$6,000.00
Pass Through State Department of Environmental Quality							
Public Drinking Water	66.432	S083	7/1/03 - 6/30/04	33,500.00	33,500.00	0.00	33,500.00
Public Drinking Water	66.432	S113	7/1/04 - 6/30/05	42,640.00	0.00	42,640.00	42,640.00
Total CFDA 66.432					\$33,500.00	\$42,640.00	\$76,140.00
TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY					\$36,500.00	\$45,640.00	\$82,140.00
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES							
Refugee Health Programs	93.576	90RX0130/01	7/1/03 - 6/30/04	74,591.00	49,686.00	0.00	49,686.00
Refugee Health Programs	93.576	90RX0130/02	7/1/04 - 6/30/05	74,591.00	0.00	61,765.00	61,765.00
Total CFDA 93.576					\$49,686.00	\$61,765.00	\$111,451.00
Pass Through Idaho Department of Health and Welfare							
Health Resources Services Administration(HRSA)	93.003	HC412200	8/31/03 - 8/31/04	349,586.32	58,370.76	289,935.67	348,306.43
Health Resources Services Administration(HRSA)	93.003	HC470300	9/1/04 - 8/31/05	349,375.33	0.00	28,088.83	28,088.83
Total CFDA 93.003					\$58,370.76	\$318,024.50	\$376,395.26
Tuberculosis - Direct Observed Therapy	93.116	HC393000	1/1/03 - 12/31/03	2,650.00	2,118.28	0.00	2,118.28
Tuberculosis - Direct Observed Therapy	93.116	HC494000	1/1/05 - 12/31/05	3,000.00	0.00	2,136.50	2,136.50
Total CFDA 93.116					\$2,118.28	\$2,136.50	\$4,254.78
Family Planning	93.217	HC409300	9/1/03 - 6/30/06	275,812.00	64,663.00	102,328.00	166,991.00
Total CFDA 93.217					\$64,663.00	\$102,328.00	\$166,991.00

STATE OF IDAHO
NORTH CENTRAL DISTRICT HEALTH DEPARTMENT (II)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEARS ENDED JUNE 30, 2004 AND 2005

Federal Grantor/Program Title	CFDA Number	Contract Number	Contract Period	Contract Amount	Federal Exp. FY 2004	Federal Exp. FY 2005	Total Federal Expenditures
Adolescent Pregnancy	93.235	HC374600	10/1/02 - 9/30/03	\$43,659.00	\$7,817.35	\$0.00	\$7,817.35
Adolescent Pregnancy	93.235	HC422200	10/1/03 - 2/28/05	58,659.00	33,259.25	25,274.72	58,533.97
Adolescent Pregnancy	93.235	HC496400	3/1/05 - 9/30/2005	20,000.00	0.00	9,404.50	9,404.50
Total CFDA 93.235					\$41,076.60	\$34,679.22	\$75,755.82
Immunizations - Accountability	93.268	HC389900	1/1/03 - 12/31/03	104,305.10	34,058.80	0.00	34,058.80
Immunizations - 0-24 months	93.268	HC431300	1/1/04 - 12/31/04	66,726.71	39,578.78	27,147.93	66,726.71
Immunizations - 0-24 months	93.268	HC493100	1/1/05 - 12/31/05	57,295.39	0.00	51,295.39	51,295.39
Total CFDA 93.268					\$73,637.58	\$78,443.32	\$152,080.90
Asthma	93.283	HC385300	11/1/02 - 9/29/03	15,692.00	2,326.05	4,936.10	7,262.15
Asthma	93.283	HC420100	9/30/03 - 9/29/04	12,248.00	12,033.00	215.00	12,248.00
Asthma	93.283	HC463000	9/1/04 - 8/31/05	11,500.00	0.00	9,994.73	9,994.73
Epidemiology - West Nile Virus	93.283	HC452100	5/1/04 - 9/30/04	5,000.00	820.19	4,179.81	5,000.00
Epidemiology - West Nile Virus	93.283	HC405600	7/1/03 - 10/31/04	4,300.00	4,232.65	0.00	4,232.65
Epidemiology - West Nile Virus	93.283	HC501600	6/1/05 - 9/30/05	4,000.00	0.00	32.11	32.11
Epidemiology - Hepatitis C - SARS	93.283	HC400601	6/1/03 - 3/31/04	10,500.00	10,500.00	0.00	10,500.00
Women's Health Check	93.283	HC401700	7/1/03 - 6/30/04	41,706.00	41,682.21	0.00	41,682.21
Women's Health Check	93.283	HC457000	7/1/04 - 6/30/05	32,707.00	0.00	32,707.00	32,707.00
Tobacco Prevention	93.283	HC402800	7/1/03 - 6/30/04	71,430.00	67,576.89	0.00	67,576.89
Tobacco Prevention	93.283	HC459900	7/1/04 - 6/30/05	51,430.00	0.00	51,430.00	51,430.00
Bioterrorism Surveillance and Epidemiology	93.283	HC369700	7/1/02 - 8/30/03	69,632.00	15,614.21	0.00	15,614.21
Bioterrorism Surveillance and Epidemiology	93.283	HC418400	8/31/03 - 8/30/04	79,508.00	61,566.29	17,941.71	79,508.00
Bioterrorism Preparedness Plan	93.283	HC365500	7/1/02 - 8/30/03	397,479.00	69,634.17	0.00	69,634.17
Bioterrorism Preparedness Plan	93.283	HC411500	8/31/03 - 8/30/04	410,003.00	309,380.86	93,483.27	402,864.13
Bioterrorism Surveillance and Epidemiology	93.283	HC471500	8/31/04 - 8/30/05	92,857.00	0.00	71,162.21	71,162.21
Bioterrorism Preparedness Plan	93.283	HC469500	9/1/04 - 8/31/05	456,452.00	0.00	359,109.74	359,109.74
Total CFDA 93.283					\$595,366.52	\$645,191.68	\$1,240,558.20
HIV Prevention	93.340	HC422000	1/1/04 - 12/31/04	33,350.00	14,475.00	15,900.00	30,375.00
Total CFDA 93.340					\$14,475.00	\$15,900.00	\$30,375.00
Health and Safety for Kids	93.558	2C069100	6/14/02 - 9/30/03	30,262.50	817.00	0.00	817.00
Health and Safety for Kids	93.558	2C078200	10/1/03 - 9/30/05	46,600.00	6,821.36	9,618.56	16,439.92
Immunizations -Registry	93.558	HC404500	7/1/03 - 6/30/04	81,197.34	77,181.36	0.00	77,181.36
Immunizations -Registry	93.558	HC457800	7/1/04 - 6/30/05	73,333.06	0.00	70,325.94	70,325.94
Total CFDA 93.558					\$84,819.72	\$79,944.50	\$164,764.22

STATE OF IDAHO
NORTH CENTRAL DISTRICT HEALTH DEPARTMENT (II)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEARS ENDED JUNE 30, 2004 AND 2005

Federal Grantor/Program Title	CFDA Number	Contract Number	Contract Period	Contract Amount	Federal Exp. FY 2004	Federal Exp. FY 2005	Total Federal Expenditures
Refugee Assistance	93.566	WC032600	10/1/00 - 9/30/03	\$160,797.00	\$9,429.20	\$0.00	\$9,429.20
Refugee Assistance	93.566	WC047600	10/1/03 - 9/30/05	170,000.00	23,697.01	93,825.16	117,522.17
Total CFDA 93.566					\$33,126.21	\$93,825.16	\$126,951.37
Child Care	93.575	WC038500	7/1/02 - 6/30/06	273,829.00	36,964.26	74,939.96	111,904.22
Total CFDA 93.575					\$36,964.26	\$74,939.96	\$111,904.22
Child Find	93.778	2C077200	7/1/03 - 6/30/05	104,000.00	30,000.00	37,000.00	67,000.00
Total CFDA 93.778					\$30,000.00	\$37,000.00	\$67,000.00
Health Resources Services Administration(HRSA)	93.889	HC470300	9/1/04 - 8/31/05	349,375.33	0.00	27,696.17	27,696.17
Total CFDA 93.889					\$0.00	\$27,696.17	\$27,696.17
Ryan White HIV Case Management	93.917	HC 397700	4/1/03 - 3/31/04	15,208.00	15,338.97	0.00	15,338.97
Ryan White HIV Case Management	93.917	HC 449700	4/1/04 - 3/31/06	29,093.00	2,087.33	13,938.00	16,025.33
Total CFDA 93.917					\$17,426.30	\$13,938.00	\$31,364.30
HIV Prevention	93.940	HC391600	1/1/03 - 12/31/03	33,920.00	14,350.00	0.00	14,350.00
HIV Prevention	93.940	HC490800	1/1/2005 - 12/31/2005	35,430.00	0.00	15,689.98	15,689.98
Total CFDA 93.940					\$14,350.00	\$15,689.98	\$30,039.98
HIV Surveillance	93.944	HC430200	10/20/03 - 3/31/04	1,570.00	1,570.00	0.00	1,570.00
HIV Surveillance	93.944	HC492400	1/1/05 - 12/31/05	3,400.00	0.00	1,160.67	1,160.67
Total CFDA 93.944					\$1,570.00	\$1,160.67	\$2,730.67
Sexually Transmitted Disease	93.977	HC391600	1/1/03 - 12/31/03	15,785.00	7,915.00	0.00	7,915.00
Sexually Transmitted Disease	93.977	HC422000	1/1/04 - 12/31/04	15,520.00	7,760.00	7,760.00	15,520.00
Sexually Transmitted Disease	93.977	HC490800	1/1/2005 - 12/31/2005	18,949.16	0.00	9,199.70	9,199.70
Total CFDA 93.977					\$15,675.00	\$16,959.70	\$32,634.70
Risk Reduction - Diabetes	93.988	HC398300	4/7/03 - 3/31/04	15,800.00	10,093.01	0.00	10,093.01
Risk Reduction - Diabetes	93.988	HC450600	4/1/04 - 3/29/05	15,891.00	1,579.99	14,311.01	15,891.00
Risk Reduction - Diabetes	93.988	HC497200	4/1/05 - 3/29-06	15,500.00	0.00	3,713.91	3,713.91
Total CFDA 93.988					\$11,673.00	\$18,024.92	\$29,697.92

STATE OF IDAHO
NORTH CENTRAL DISTRICT HEALTH DEPARTMENT (II)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEARS ENDED JUNE 30, 2004 AND 2005

Federal Grantor/Program Title	CFDA Number	Contract Number	Contract Period	Contract Amount	Federal Exp. FY 2004	Federal Exp. FY 2005	Total Federal Expenditures
Injury Prevention	93.991	HC376500	10/1/02 - 9/30/03	\$50,668.00	\$9,875.27	\$0.00	\$9,875.27
Injury Prevention	93.991	HC408100	10/1/03 - 9/30/04	48,614.00	36,746.49	11,602.07	48,348.56
Injury Prevention	93.991	HC487500	10/1/04 - 9/30/05	36,021.00	0.00	25,816.98	25,816.98
Total CFDA 93.991					\$46,621.76	\$37,419.05	\$84,040.81
Epidemiology - MCH	93.994	HC421000	10/1/03 - 9/30/04	20,296.00	17,583.05	2,712.95	20,296.00
Epidemiology - MCH	93.994	HC477000	10/1/04 - 9/30/05	21,359.00	0.00	21,359.00	21,359.00
Family Planning - MCH	93.994	HC410100	10/1/03 - 9/30/05	168,000.00	84,000.00	84,000.00	168,000.00
Body Mass Index Training	93.994	HC489900	1/1/05 - 12/31/05	13,750.00	4,250.00	1,500.00	5,750.00
Childrens Special Health Program	93.994	HC384600	10/1/02 - 9/30/04	56,580.00	20,813.25	4,211.75	25,025.00
Childrens Special Health Program	93.994	Letter				1,397.30	1,397.30
Oral Health	93.994	HC375200	10/1/02 - 9/30/03	14,474.00	2,472.69	0.00	2,472.69
Oral Health	93.994	HC417800	10/1/03 - 9/30/04	29,211.45	27,925.88	1,285.57	29,211.45
Oral Health	93.994	HC478200	10/1/04 - 9/30/05	17,081.00	0.00	12,419.28	12,419.28
Total CFDA 93.994					\$157,044.87	\$128,885.85	\$285,930.72
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					\$1,348,664.86	\$1,803,952.18	\$3,152,617.04
U.S. DEPARTMENT OF FOOD AND DRUG ADMINISTRATION							
Pass Through Idaho Department of Health and Welfare							
FDA	93.999	HC406600	7/1/03 - 6/30/05	21,048.00	11,448.00	9,600.00	21,048.00
TOTAL U.S. DEPARTMENT OF FOOD AND DRUG ADMINISTRATION					\$11,448.00	\$9,600.00	\$21,048.00
TOTAL CASH EXPENDITURES					1,774,193.11	2,413,472.03	4,187,665.14
Wic Food Vouchers	10.577				864,692.50	1,057,304.00	1,921,996.50
Value of Serum	93.268				\$95,468.64	\$74,746.08	\$170,214.72
TOTAL NON-CASH EXPENDITURES					\$960,161.14	\$1,132,050.08	\$2,092,211.22
TOTAL EXPENDITURES OF FEDERAL AWARDS					\$2,734,354.25	\$3,545,522.11	\$6,279,876.36

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE #1

BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the District and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*.

The CFDA refers to the *Catalog of Federal Domestic Assistance*, which is a government-wide list of individual federal programs. Federal award programs for which we could not determine a number are identified with the first two digits that identify the federal grantor department, followed by ".999."

NOTE #2

WIC FOOD VOUCHERS

The District determines eligibility for the Women, Infants and Children (WIC) program. Within the WIC program, the District distributes food checks to clients and controls unissued food checks. The Idaho Department of Health and Welfare issues and redeems food checks, controls the food checks issued, and reviews program compliance. The value of the food checks redeemed through the Idaho Department of Health and Welfare during fiscal years 2004 and 2005 was \$864,693 and \$1,057,304, respectively.

NOTE #3

VALUE OF VACCINE SERUM

The District administers vaccines free of charge to children 18 years of age or younger. The District determines whether the vaccine recipient is eligible to receive the vaccine under the Federal Immunization Grant. The vaccine serums are ordered by the Idaho Department of Health and Welfare, and delivered to the District as needed. The vaccine serum value supplied by the State Health and Welfare Department was \$95,469 in fiscal year 2004 and \$74,746 in fiscal year 2005.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Section I – Summary of Auditor's Results

Basic Financial Statements

1. The independent auditor's report on the basic financial statements expressed an unqualified opinion.
2. The audit of the basic financial statements disclosed a reportable condition that is not considered a material weakness in internal control over financial reporting. This issue is discussed in Finding #1 in the Findings and Recommendations section of this report.
3. The audit did not disclose any instances of noncompliance considered material to the basic financial statements.

Federal Awards

4. The audit disclosed a reportable condition in internal controls over major programs that is not considered to be a material weakness.
5. The independent auditor's report on compliance for major programs expressed an unqualified opinion for all major programs.
6. The audit disclosed a finding that is required to be reported in accordance with criteria in Section 510a of *OMB Circular A-133* provisions.
7. Major programs are listed below:

<u>Program Title</u>	<u>CFDA Number</u>
WIC	10.557
Lewis and Clark Bicentennial Solid Waste Program	14.246
Public Health Preparedness (Health Resource Services Administration – HRSA)	93.003

8. The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
9. The North Central District Health Department (II) did qualify as a low-risk auditee as defined by *OMB Circular A-133*.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Section II – Financial Statement Findings and Recommendations

NONE

Schedule of Findings and Questioned Costs
Section III – Federal Award Findings and Questioned Costs

We reported an internal control weakness in one major federal program that is not considered to be a material weakness. See Finding #1 in the Findings and Recommendation Section of this report.

CFDA Title: Community Planning and Development

CFDA #: 14.246

Federal Award #: B-03-SP-ID-0201

Federal Grant Name: Lewis and Clark Bicentennial Solid Waste

Program Period: January 14, 2004 to January 14, 2009

Federal Agency: Department of Housing and Urban Development

Compliance Requirement: A - Activities Allowed or Unallowed

Questioned Costs: \$86,811

APPENDIX

HISTORY

The following is a chronological history of the basic health care services that the State has provided to the public.

1907 – The State Board of Health and counties that had local boards of health were statutorily authorized joint responsibility for public health.

1947 – A public health district law was enacted that permitted two or more counties to establish a public health district. Participation in the forming of the health districts was voluntary.

1970 – The legislature established a law that created seven mandatory public health districts. In the North Central District Health Department (II), the counties designated were Clearwater, Idaho, Latah, Lewis, and Nez Perce. The director of the State Department of Health and Welfare was designated fiscal officer for the various districts.

1976 – Legislative intent was expressed that the health districts are not State agencies, and that they be recognized as authorized governmental entities.

1986 – Idaho Code was amended to allow district health departments to promulgate rules and regulations without the State Board of Health's approval.

1993 – The legislature clarified the need for district health departments to use the APA procedures for fees and rules.

PURPOSE

The purpose of the North Central District Health Department (II) is to prevent disease, disability, and premature death; promote healthy lifestyles; and protect and promote the health and quality of an environment in which people can be healthy.

STATUTORY AUTHORITY

The statutory authority for the District is found in Idaho Code, Title 39, Chapter 4.

ORGANIZATION

The District is supervised by a seven-member board appointed by the county commissioners of the counties served. Board members serve staggered five-year terms, and are reimbursed \$50 per working day plus all necessary travel expenses. The board

appoints a director to administer and manage day-to-day activities of the District. Physicians and pharmacists provide medical consulting services to the District.

The District is organized into six major sections:

1. Management Services – Provides support to the District's other sections (budget, accounting, and government services).
2. Family and Children's Health Services – Provides services related to WIC (Women, Infants, and Children's nutrition program), child health services, school health, and HIV intervention.
3. Environmental Health – Provides services related to drinking water protection, food inspections, septic system inspections, and child care facility inspections.
4. Community Health – Provides health education and promotion to the public related to dental care, diabetes, asthma, tobacco control, and preparedness.
5. Clinical Services – Provides services related family planning, immunizations, tuberculosis (TB), and sexually transmitted diseases (STD).
6. General Support – Provides clerical and IT supervision.

The District has a central office in Lewiston, and four satellite offices in Orofino, Grangeville, Moscow, and Kamiah. An organizational chart is included at the end of this report.

STAFFING

The District has 70 employees, including 21 nurses, 1 nutritionist, 8 environmentalists, 1 dental hygienist, and 39 supporting staff members.

FUNDING

Financing for the District comes from county contributions; General Fund appropriations; Tobacco Millennium Fund appropriations; federal, State, and private contracts; fees and donations; and charges relating to use of services, equipment, and supplies. The amount included in the District's General Fund appropriation request is determined by Idaho Code, Section 39-425. The legislature sets the District's General Fund appropriation, which can be more or less than the amount requested.

The District receives funds from contracts with the Idaho Department of Health and Welfare, cities, other governmental agencies, clients who receive public health services (i.e., client fees, donations, client insurance, Medicaid, and Medicare), and fees for environmental inspections and licenses.

North Central District Health Department
Organizational Chart

